

ARROW INTERNATIONAL GROUP LIMITED (IN LIQUIDATION)

Company number: 3383875

**Liquidators' Second Report to Creditors and
Shareholders**

Reporting Period: 6 June 2019 to 5 December 2019

1. Introduction

Andrew Bethell and Andrew McKay of BDO Auckland and Colin Gower of BDO Christchurch were appointed joint and several administrators of Arrow International Group Limited (“the Company”) on 28 February 2019 by a resolution of the Company’s directors, in accordance with section 239I of the Companies Act 1993 (“the Act”).

At the Watershed Meeting held on 6 June 2019, the Company’s creditors resolved to place the Company into liquidation. Andrew Bethell, Andrew McKay and Colin Cower were appointed joint and several liquidators (“Liquidators”) pursuant to section 241(2)(d) of the Act.

The Liquidators provided a Declaration of Independence, Relevant Relationships and Indemnities together with details of hourly rates in the Watershed report dated 29 May 2019 previously provided to creditors.

In accordance with section 255 of the Act we report on the Company’s affairs together with our proposals for conducting the liquidation.

2. Restrictions

This report is not intended for general circulation, nor is it to be reproduced or used for any purpose other than that outlined above without our written permission in each specific instance.

We do not assume any responsibility or liability for any losses occasioned to any party as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

We reserve the right (but will be under no obligation) to review this report and if we consider it necessary to revise the report in the light of any information existing at the date of this report which becomes known to us after that date.

3. Conduct of the liquidation within the reporting period

3.1 Schedule of Receipts and Payments

Attached as **Appendix 1** is a schedule of receipts and payments for the six month period.

3.2 Asset Realisations

Debtors

We continue to assess and pursue debtors of the Company in the amount of \$93k including \$17 of related party receivables.

Fixed Assets

There are no fixed assets in the Company

Other

The Company has a one third shareholding in and has provided funding to a development which has recently completed. We are currently pursuing recovery of those funds.

3.3 Creditors Claims

Secured Creditors

The Company's bank provided funding jointly and severally to the Company and other Group companies. The banks' security is joint and severally secured over the assets of the Company, AINZL, and AIGL. The amount owing under the instrument at the date of liquidation was \$382k. The instruments were not required to be paid and were released during the period of this report. The bank has therefore been repaid in full.

Performance bonds provided on behalf of the Company were secured by way of a general security instrument. Bonds in the amount of \$1.3m and costs in the amount of \$32k have either been released or called and paid. One remaining bond in the amount of \$326k has not been called or paid but remains a contingent liability of the Company.

Preferential Creditors

Employee wages and holiday pay that would otherwise have been preferential claims in the event of the liquidation of the Company after the Watershed meeting, were settled in full prior to the liquidation, during the period of administration.

Inland Revenue have lodged preferential claim for unpaid PAYE and Kiwisaver for the amount of \$55k. This will be paid in accordance with statutory priority, funds permitting.

Unsecured Creditors

Unsecured creditor claims lodged with the Liquidators received to date total \$150k including employee unsecured claims for the amount of \$102k and Inland Revenue unsecured claim for \$5k.

The Liquidators are in the process of assessing claims for the purpose of admission or rejection. Additional information will be sought from creditors to validate claims. Any distributions to unsecured creditors will be made funds permitting.

4. Liquidators' Fees

Liquidators' fees for the period to date total \$36k net of GST and disbursements.

Attached as **Appendix 2** is a schedule of Liquidators fees for the six month period.

5. Further proposals for completing the liquidation

The Liquidators propose to take the following further actions:

- Realise any residual assets of the Company and work with related parties to realise assets for surplus funds distributions to the Company;
- Continue a review of the actions of management, directors, officers and advisers of the Company and any potential claim against them;
- Continue to pursue debtor balances due to the Company;
- Pursue the recovery of related party debts;

- Distribute available funds (if any) to preferential and unsecured creditors;
- Assess other areas of potential recovery; and
- Comply with our statutory obligations.

6. Estimated date of completion

It is not practical to estimate the date of the completion of the liquidation at this stage as it is dependent on the completion of the liquidation of subsidiary company Arrow International (NZ) Limited to confirm recoverability of intercompany receivables. Our subsequent reports to creditors and shareholders will, when appropriate, advise of an estimated completion date.

7. Contact information

If you require any further information, please direct enquiries to:

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Dated this 30th day of December 2019



Andrew Bethell
Liquidator

APPENDICES

Appendix 1 - Summary of Receipts & Payments

Arrow International Group Limited (In Liquidation) Summary of Receipts and Payments 6 June 2019 to 5 December 2019		\$ (Excl GST)
Cash at Bank		66,478
Receipts		
Bank Interest		182
Sale of Subsidiary		15,000
Total Receipts		81,660
Payments		
Liquidators Fees		34,193
Liquidators Disbursements		2,109
Sundry Expenses		414
GST Receivable		2,758
Total Payments		39,474
Cash on Hand at 5 December 2019		42,186



Appendix 2 - Summary of Liquidators Fees

	Hourly Rate	Asset Realisation		Creditors		Administration		Investigation		Reporting		Total	
		Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost
Liquidator	565.00	1.17	659.17	0.50	282.50	9.33	5,273.32	0.00	0.00	0.00	0.00	11.00	6,214.99
Associate	375.65	4.30	1,614.84	1.00	400.00	2.70	953.81	1.50	600.00	0.00	0.00	9.50	3,568.65
Senior Manager	395.00	0.75	296.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.75	296.25
Manager	346.08	0.00	0.00	0.00	0.00	2.65	917.10	0.00	0.00	0.00	0.00	2.65	917.10
Senior Analyst	250.00	0.00	0.00	0.30	75.00	1.40	350.00	0.00	0.00	0.00	0.00	1.70	425.00
Analyst	247.78	3.00	750.00	30.40	7,396.25	31.50	7,875.00	0.00	0.00	27.00	6,750.00	91.90	22,771.25
Total	291.01	9.22	3,320.26	32.20	8,153.75	47.58	15,369.23	1.50	600.00	27.00	6,750.00	117.50	34,193.24

Disbursements	Cost
Advertising	2,109.37
Total	2,109.37